

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

AT RICHMOND, NOVEMBER 3, 1998
ADMINISTRATIVE ORDER NO: 11317

ORDER SUSPENDING THE REQUIREMENT OF FILING CERTAIN POLICY FORMS AND ENDORSEMENTS COVERING THOSE CLASSES OF RISKS KNOWN AS HIGHLY PROTECTED RISKS UNDER THE PROVISIONS OF SECTION 38.2-1903 OF THE CODE OF VIRGINIA.

WHEREAS, it appearing to the Commissioner of Insurance that the requirement of filing certain policy forms and endorsements for those classes of non-commonplace hazards commonly referred to as highly protected risks, special risk properties, preferred risk properties, or others, should be suspended pursuant to the provisions of § 38.2-317 F of the Code of Virginia, because the insureds therein are highly sophisticated insurance consumers and the risk to be insured are non-commonplace hazards. In order for insureds to qualify for Policy form and endorsement exemption under the above described plans, they must exhibit each of the following characteristics:

1. Management which demonstrates its willingness and determination to reduce the probability of loss;
2. Need for periodic and thorough specialized inspection and engineering services designed to prevent or minimize loss and one which demonstrates its effectiveness toward that end;
3. Insurable values sufficient to produce a premium of an amount to warrant the furnishing of special inspection and engineering services by the Insurer;
4. Such structural design and degree of protection which, together with efficient specialized inspection and engineering services, will have the effect of reducing the relative importance of such factors as exposure, and quality of public fire protection;
5. Fire resistive or incombustible, heavy timber or other approved construction, in good state of preservation and repair;
6. Equipped with fire protection or loss prevention equipment in all areas where such protection is deemed necessary;
7. Provided with satisfactory watchman or alarm service or its equivalent where necessary; and

8. Protected where necessary by adequate public and/or private exterior fire protection system embracing an adequate number of hydrants, hose and necessary miscellaneous equipment with adequate water supply.

IT IS THEREFORE, ORDERED:

(1) That the requirement for filing certain policy forms and endorsements for those classes of risks hereinabove described as highly protected risks be, and they hereby are, suspended under the provisions of § 38.2-1903 of the Code of Virginia by entry of this order, until further notice of the Commission; and

(2) That the policy forms and endorsements affected by this Order and hereafter used by insurers shall not be: misleading or against public policy, and the Commission hereby reserves the right, either upon own motion, or upon complaint, to make such examination or investigation with respect thereto as it may deem advisable or necessary in order to determine whether any policy form or endorsement affected by such exemption may be, or may become misleading or against public policy.

AN ATTESTED COPY HEREOF shall be sent to all licensed rate service organizations, to Mary M Bannister, Deputy Commissioner of Insurance, and to all insurance companies licensed to write fire insurance.

William J. Bridge
Clerk of the State Corporation
Commission